

Message Text

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72

ACTION ARA-10

INFO OCT-01 ISO-00 IO-10 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01 PRS-01

USIA-06 /099 W

----- 058051

R 261510Z FEB 75

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 6345

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY PANAMA

AMEMBASSY CARACAS

LIMITED OFFICIAL USE MANAGUA 0787

E. O. 11652: N/A

TAGS: EFIN, NU

SUBJECT: VENEZUELAN OIL SCHEME

REF: (A) STATE 031596

(B) MANAGUA 4937

(C) SAN SALVADOR 0763

1. EMBOFF DISCUSSED THE VENEZUELAN OIL FUND WITH CENTRAL BANK (CBN) OFFICIALS AND OBTAINED COMMENTS ON QUESTIONS IN PARAGRAPH 4 OF REFTEL A.

2. A VENEZUELAN TEAM WILL VISIT NICARAGUA NEXT MONTH TO WORK OUT THE REGULATIONS ON THE PURCHASE OF CD'S AND EVENTUAL USE OF OIL FUNDS. OIL REFINERY AT PRESENT CONTINUES TO PURCHASE OIL
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THROUGH ITS TRADITIONAL CHANNELS WITH PAYMENTS BEING MADE AS

USUAL (WE CONFIRMED THIS WITH ESSO REFINERY) AND IT IS NOT EXPECTED THAT THIS WILL CHANGE. NICARAGUA HAS NO PLANS TO ASK FOR BOOKKEEPING TRANSACTION THUS TRANSFER REAL RESOURCES LIKELY TO CONTINUE. VENEZUELAN INVESTMENT FUND WILL PURCHASE CENTRAL BANK CD'S AT END OF EACH QUARTER EQUIVALENT TO EXCESS OF PRICE OVER \$6 PER BARREL. TOTAL AMOUNT OF FINANCING FOR 1975 NOW ESTIMATED AT \$14.7 MILLION.

3. CBN WILL HAVE FREE USE OF PROCEEDS FROM CD'S UNTIL REPAYED IN SIX YEARS OR TRANSFERRED TO CENTRAL GOVERNMENT FOR DEVELOPMENT PURPOSES OR FOR OTHER USES CONTEMPLATED BY AGREEMENT. NICARAGUA OBVIOUSLY UNAWARE VENEZUELAN POSITION AS DESCRIBED PARAGRAPH 4 REFTTEL C.

4. CBN IS RELAXED ABOUT SCHEME AS THEY FORESEE NO BALANCE OF PAYMENTS DIFFICULTIES THIS YEAR AND FUNDS, THOUGH USEFUL, ARE NOT CRITICAL.

5. CBN/VENEZUELAN FUND AGREEMENT HAS BEEN POUCHED ARA/CEN. SHELTON

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Message Attributes

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05 JUL 2006

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To: STATE
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